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The **Management REVIEW**



FEBRUARY, 1943

COMMENT • DIGEST • REVIEW

What's ahead on MANPOWER ?

**HOW MUCH MANPOWER HAVE WE REALLY GOT?
HOW IS THE GOVERNMENT GOING TO CONTROL IT?
HOW ARE YOUR WORKERS GOING TO BE AFFECTED?
DO YOU KNOW WHAT THE ROLE OF THE U.S.E.S. WILL BE?
WHAT ABOUT MANPOWER IN NON-ESSENTIAL INDUSTRIES?
AND WHAT ABOUT WAGE AND SALARY STABILIZATION?**

Personnel Executives! Upon the answers to these questions will turn the future labor relations programs of your companies. America in the months of 1943 must achieve *full* manpower mobilization—five to six million more workers in war industries, millions more soldiers in the armed services. It will mean that virtually every man Jack of us who gets a pay envelope will be in the army—the fighting army or the industrial army. Two developments are now clear: New sources of labor must be tapped, and workers presently employed will be transferred into jobs where they are more urgently needed. Further, there will have to be greater labor productivity through better use of skills.

YOUR OPPORTUNITY TO SEE INTO THE FUTURE

The AMA has arranged with the War Manpower Commission, the WLB and other federal agencies for a thorough discussion of war manpower and wage controls at the annual Personnel Conference in Chicago on February 10, 11 and 12. The meeting will be designed to show you how to get ready for the manpower program that's ahead. This alone makes attendance by yourself and other representatives imperative.

MANPOWER UTILIZATION

The Personnel Conference will also stress methods of making the *best* use of human skills. It will summarize management experience from companies throughout the nation. You will learn how industry is handling the many difficult personnel problems that have arisen out of high-speed war production.



**A M A C O N F E R E N C E O N
M A N P O W E R U T I L I Z A T I O N**

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NEWEST trend on the manpower front is the half-shift plan of employment. Following a trail pioneered by British industry, a number of war plants have inaugurated four-hour shifts on which housewives and others unable to work full time are doing their bit in the war effort. Many of the part-time workers are accountants, salesmen, clerks and teachers who put in a four-hour stint in the factory after their regular daytime work. Usual shifts are from 4 to 8 p.m., from 6 to 10 p.m., and from 8 to midnight; and many plants pair their part-time employees so that two perform the work of one full-time man. Factories which have resorted to part-time labor report that production records are good, and Employment Service officials are urging adoption of the plan on a nation-wide basis.

In Cleveland, Ohio, the Warner & Swasey Co., manufacturers of machine tools, is using 75 part-time teams successfully on unskilled and semi-skilled work. United Aircraft Corporation has announced that it will inaugurate the use of part-time white-collar workers on its night shift, and it expects incidentally to work out many "husband and wife" combinations. In the Buffalo area, Lake Erie Engineering Corporation is recruiting 150 men with regular daytime jobs for a part-time evening shift.

In Great Britain, a huge army of part-time women workers has helped build up the country's depleted working forces. American employers might well ponder British experience with this type of labor, which clearly shows its potentialities and the problems involved in its use (see page 60).

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February, 1943

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THE MANAGEMENT INDEX

General Management

How Much Trade Unionism as Usual?

THE war confronts everyone in the community with the same basic and inescapable question: How much living as usual? In the case of unions, this question becomes: How much trade unionism as usual?

Giving up living as usual is not easy. Neither is it easy for the unions to give up unionism as usual, especially since they were carrying on their ordinary activities with great vigor when the Japanese struck. The sellers' market created by the defense program enabled them to add about 2,000,000 members in 1941 and to raise wages faster than in any other year since the First World War—nearly 10 cents an hour in manufacturing. Then came Pearl Harbor, and unions were suddenly faced with the task of giving up or limiting many activities and of assuming important new responsibilities.

It has not been possible to prevent strikes altogether, but the time lost because of them was reduced during the first eight months of 1942 to *only one-fifth of the time lost in the same period last year*. And as more American

troops reach the firing line, the control of strikes will become easier. Not long ago I was present at a small luncheon of prominent union leaders. Six out of eight had sons in the Army or Navy, some of them more than one. The so-called right to strike becomes an empty privilege when one cannot use it without striking against one's children or brothers on the firing line.

Far more difficult for unions than giving up strikes has been the acceptance of restrictions on collective bargaining. Negotiation of new terms of employment is the most important activity of unions, but collective bargaining as usual would prevent the effective control of prices. With payrolls rising rapidly and the supply of civilian goods dropping, wage increases simply cannot be permitted. The President has ordered the War Labor Board to approve no advance in wages unless necessary to correct "maladjustments" or "inequities" or to aid in the "effective prosecution of the war," and as a matter of administrative necessity the Board will have to give a narrow con-

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struction to these terms. Otherwise it would be swamped with wage cases—for now it must pass on *all* wage increases, not simply the cases which reach it as disputes. Furthermore, as scarcities of goods become more acute, the only kind of wage changes which will make sense are those which facilitate the great redistribution of labor required by the war.

Then, so long as unions felt free to use the strike, they could bargain with employers over the closed shop. Now they are left in a fairly helpless position with respect to the “free rider”—the worker who enjoys union conditions but does not help to pay for them. Plainly the government cannot compel men to join unions in order to gain the opportunity to help defeat the Germans and Japs.

The policy adopted by the War Labor Board recognizes that, so far as the government is concerned, union membership must be voluntary. When maintenance-of-membership clauses are granted, existing members have a limited period, usually 15 days, to decide whether to stay in the union for the duration of the contract or to give up their membership. New employees are free to join as they choose; but if they do join, they must remain in good standing. This is far from complete protection against “free riders,” but it does prevent most members from dropping out.

A knotty problem is created by institution of the closed shop where the working force expands suddenly and jobs may last only a few months. An employer with a handful of men may

enter into a closed shop agreement with a union in return for its help in supplying labor. Thousands of farm hands, retail clerks and taxi drivers have been required to join unions or to buy “permit” cards in order to work on large construction jobs which lasted only from three to six months.

There is nothing democratic about all this. What seems to be needed is an arrangement between government and the national unions placing low limits on initiation fees and dues for men who will be in the union for only a few months or for the duration of the war. There is no reason why they should pay more than a nominal fee—say a dollar—for admission. The case of the men who wish to remain in the union after the war is a separate problem and should be handled as such.

Looming ahead are shortages of manpower more acute than the man in the street suspects. They will lead unions to relinquish conditions and practices which are well established and, in some instances, deeply cherished. It will not be easy to avoid suspending the six-hour day or the 35-hour week in the plants where they now exist. Nor will it be easy to continue to define a day's work in railroad freight train service as 100 miles or in passenger service as 150 miles. In fact, all working rules which compel employers to use labor wastefully will have to be revised. Such revision, incidentally, will leave unions better prepared for bargaining and better able to raise wages after the war.

How much compulsion is necessary in order to handle the problems of

manpower? Congress will need to authorize the director of manpower (1) to compel employers to abandon practices which waste labor, to cease hoarding labor, to do an adequate amount of training, to hire certain types of labor only through public employment offices; and (2) to require unions to honor each other's cards and to service each other's members on reasonable terms. Action on these points is long overdue. If the drop in the supply of raw materials for civilian industries fails to force enough men into war work, unions can stimulate voluntary shifting. They will not do this effectively, however, unless they reach an inter-union agreement by which men need not transfer from one union to another when they transfer from one industry to another. If the labor movement is not able to make the principle of tolerance work, its jurisdictional conflicts will lead the government to impose drastic restrictions on union activity.

Unions have not yet taken advantage of the labor shortage to get rid of obsolete rules and practices which limit production, but they may soon decide to do so. On the whole, however, they have been more willing to help management raise production and save ma-

terials than employers have been to receive their help. Their greatest opportunity to contribute to the war effort will lie in the field of manpower. Unions can do much to help keep down absenteeism and labor turnover and to encourage the movement of men from civilian industries into war work. By next summer we shall know how successfully unions have shouldered their important responsibilities.

What is the war doing to the labor movement? It is plain that the war, by stimulating the growth of unions, is making their relations to the rest of the community far more important than ever before. Indeed, the war is encouraging group organization *throughout* the community—among farmers and business men as well as among workers. Consequently, the achievement of effective cooperation between organized groups will be the great task of the 20th century. The war may help men to learn new social skills and to discover how to limit the area of conflict and enlarge the area of cooperation. Should this happen on a substantial scale, the rise in the standard of living after the war would be breathtaking. BY SUMNER H. SLICHTER. *The Atlantic Monthly*, January, 1943, p. 74:9.

► OF THE ESTIMATED 17,500,000 women in the British Isles between the ages of 14 and 65, it is reported that 6,500,000 are working in war plants or serving with the various women's uniformed war organizations. And, according to a survey by the Minister of Labor for National Service, most women employed in England as industrial workers earned from 44 to 50 shillings per week during January, 1942—approximately \$8.80 to \$10.00.

—H. KENNEDY MCCOOK in *NAM News* 1/2/43

Setting Up a Postwar Planning Committee

IN an effort to obtain concrete information on the extent of postwar planning activities, the Dartnell Sales Service recently surveyed a number of selected companies. Eight out of 10 of those queried were found to have actually started some sort of postwar planning.

While a few concerns reported considerable progress, with plans well beyond the blueprint stage, the majority have confined their efforts to exploring postwar opportunities from the standpoints of (a) shifting markets, (b) product development, and (c) sales manpower and trade outlets. In most instances, the task has been assigned to some executive along with his regular duties, and about all he has done has been to gather information.

However, a handful of companies, such as General Electric, have explored the problem thoroughly. Special units have been set up to draft plans and make recommendations to the management. Others have appointed committees composed of qualified executives, each of whom has been assigned some particular phase of the postwar problem.

Obviously, formulating a postwar program should not be considered a "spare time" operation. Yet the shortage of executives has thrown heavier responsibilities on men qualified by training and ability to do this job. As a result, in far too many cases, postwar planning has been relegated to the

realm of those things we hope to accomplish "when we have time."

Postwar planning activities should be tackled wholeheartedly, with adequate funds appropriated for research and product development work, and executive machinery established to follow through. The actual work might well be assigned to several small committees, each charged with a definite responsibility, and the chairmen of these committees might be members of a steering or "control" committee over which the head of the business would preside.

Here, for example, is the postwar sales committee setup of one medium-sized manufacturer: (1) Postwar Product Development Committee, (2) Postwar Market Survey Committee, (3) Postwar Committee on Distribution Methods, and (4) Committee on Postwar Prices and Credits.

A large eastern distributor of electrical products has a postwar planning setup consisting of a top committee of three executives and five subcommittees as follows:

1. Subcommittee to study government postwar planning activities for public works—federal, state and municipal.
2. Subcommittee on personnel problems—e.g., reemployment of service men, selection methods, etc.
3. Subcommittee on new uses for old products, and civilian uses for products developed for war needs. This committee also studies new materials.
4. Subcommittee to study plans of manufacturers whose products this distributor sells, to determine how their plans may be fitted into the over-all plan of the selling company.

5. Subcommittee on postwar economic changes and trends, to consider how such changes will affect distribution.

One of the most "ticklish" jobs of the top committee is the establishment of production or sales objectives. While this task might better be deferred until it is more definitely known what conditions will exist at the war's end, the following tentative decisions and steps might be taken:

1. Decide what the postwar national objectives should be in terms of employment for your industry.
2. Decide what proportion of the industry employment quota should be assumed by your company.
3. Obtain estimates from each department of the production levels it will maintain under the conditions you have determined.
4. Translate these estimates into con-

crete sales objectives for (a) each department, and (b) the business as a whole.

5. Estimate the appropriations required to attain these objectives with the least possible displacement of employees.

This, in brief, is the General Electric scheme. It is also the approach likely to be taken by the Committee for Economic Development, of which Studebaker's Paul Hoffman is chairman. Any plans developed by individual companies should be coordinated with the over-all recommendations of this committee, which is working quietly but nonetheless effectively on the biggest problem that ever confronted American industry.

Dartnell News Letter, December 10, 1942, p. 1:3.

Labor Views Production

FORTUNE has completed a poll of labor opinion which indicates a strong belief among the rank and file of industrial employees that production of war materials can be speeded up further. Individual union leaders have said as much in the past, it is true, but it is significant that this view prevails among individual union members also to a large extent.

In the *Fortune* survey, more than 48 per cent of factory workers queried stated that production could be accelerated, while 46 per cent did not believe that this could be done and less than 6 per cent had no opinion on the matter. When asked for ways in which production could be speeded, the largest

number of workers said that a better scheduling of work, improved flow of materials, elimination of waste, and more efficient control of operations could produce the desired results. More than 17 per cent thought the remedy lies in steps to halt strikes, prevent loafing, and restrict union activity.

It is interesting to note that male factory workers questioned favor a 56.6-hour regular workweek, on the average, in plants working on war orders. Women in such plants favor an average 51.9-hour week.

These results of the survey augur well for the future of war production. A majority of the rank and file of workers, they indicate, feel that output

can be speeded to a greater extent, and have definite ideas on how this is to be done. When management takes steps to accelerate output through a longer workweek, more efficient scheduling, and other improvements in methods of operation, therefore, it should meet with approval from the majority of employees, particularly if labor

shares in the benefit through incentive compensation or otherwise.

This attitude among workers offers a challenge to industrial management, which can thus count on a good deal of support among employees for a program to step up the rate of output on war orders.

The Journal of Commerce, December 29, 1942, p. 6:1.

Industry's Capacity to Meet Postwar Needs

HOW well is industry equipped to meet the accumulated demand for normal peacetime products in the postwar era? What improvements has it planned in plant and equipment, and how will the cost of these be met? How do executives view the twin problems of reconversion and unemployment?

These questions are the subject of a survey of manufacturers and retailers begun some time ago by the Chamber of Commerce of the United States. Highlights of the Chamber's first progress report, based on preliminary tabulations of several thousand ballots, follow:

Eighty per cent of the industrial establishments queried say plant capacity for producing their normal peacetime products is today as great as, or greater than, it was before the war (June 30, 1940). Twenty-two per cent are now equipped to turn out from 150 to 300 per cent of their pre-war product. Sixty-four per cent state that they have installed new machinery

which will increase the efficiency of their plants.

Six out of 10 manufacturers are of the opinion that they can reconvert to peacetime production without having to lay off workers; but 34 per cent believe that unemployment during the reconversion period is inevitable, and 6 per cent are not sure whether it is or not.

Two-thirds—67 per cent—indicate they expect to employ as many, or more, people after the war as at present—this despite the fact that 72 per cent are employing as many, or more, people currently as were employed before the war. The vast majority of executives—83 per cent—say that most of their employees can be put to work in postwar production without further training.

Retailers were questioned specifically on projected postwar improvements in their properties. Slightly more than three-fourths—77 per cent—of the businesses reporting say that when the

war is over they plan to go ahead immediately on one or more types of improvement in their properties. Eighty-two per cent declare flatly that they will not need additional financing to cover the cost of planned postwar improvements. Eleven per cent feel new financing will be required, however, while 9 per cent indicate that their

ability to provide for such work out of accumulated capital is problematical.

Although employment in the retail establishments polled is approximately 105 per cent of what it was on June 30, 1940, *proprietors estimate that this figure will drop to about 80 per cent after the war.*

► **LAST YEAR**, it is estimated, 55 per cent of all industrial production was designed for war. In the case of durable manufactures, the proportion was 73 per cent of total output; of non-durable manufactures, 29 per cent. In the final quarter of the year, a much larger proportion of both types of manufactures was destined for military use; and it is quite probable that during the current year 75 per cent of the entire output of American industry will be devoted to war purposes.

—The Journal of Commerce 1/30/43



"That Kaiser outfit is simply amazing. They filled out that last carload of questionnaires in four days!"

—Courtesy of The New Yorker

Office Management

The Development of Standard Procedures

IN many small and medium-sized companies, and in some larger organizations, operating procedures and practices are not necessarily reduced to writing. Like Topsy, many of them have "jest grewed," yet they are accorded the force and effect of a written manual. As in the case of Topsy, this haphazard growth has fostered some undesirable and even obnoxious habits, the majority of which might have been curbed or eliminated had a proper "procedure" been followed from the beginning.

To aid those members of its organization responsible for the development and writing of procedures, the Caterpillar Military Engine Company, Decatur, Ill., recently issued a standard "procedure for writing procedures." The instructions and suggestions incorporated in this manual might well be adopted in whole or part by other organizations desiring some standardization of form in the drafting of procedures. Caterpillar's detailed suggestions for the writing of procedures follow:

Procedures should be written in such a way as to distinguish between company policies and procedural details for their administration. The statements of company policy should be brief, and presumably fairly rigid, and should be signed by the president or vice president. The procedures for administration of policies should be more

detailed and, insofar as they relate to interdepartmental transactions, should be subject to final approval of the controller.

Practically every form used in effecting or recording transactions should be covered either by a separate procedure or specifically mentioned in at least one procedure.

Procedures should be as brief and concise as the subject matter permits, and in order to carry out this idea it is suggested that lengthy procedures be broken down into smaller subdivisions for two reasons: (a) such procedures are easier to write; and (b) they can be revised more readily.

Titles given to procedures should be descriptive of the covering matter—e.g., "procedure for disbursing, recording and accounting for tools in sub-cribs" rather than merely "procedure for tool cribs."

Lengthy procedures, when unavoidable, should be subdivided into sections, with appropriate sub-headings. Sub-headings may refer to the form being described (such as "Employment Notice" in a payroll procedure or "Purchase Order" in a purchasing procedure) or to the functions performed (such as "Ordering the Forms" and "Typing the Inventory Sheets" in an inventory procedure).

If the procedure supersedes a previous procedure, this fact should be noted directly under the title, thus: "Super-

sedes procedure entitled, dated, Index No." in order to avoid complications arising from the use of obsolete procedures.

Procedures should be originated, preferably, in the department best qualified to write them; and they should be formulated by someone thoroughly familiar with the subject.

In writing procedures, it is well to prepare a draft procedure, double-spaced in order that interlineations can be made readily.

The use of personal names should be avoided, in favor of titles, to recognize the fact that personnel changes occur frequently.

If feasible and practicable, copies of the forms described in the procedure should be attached to and form a part of the procedure. When a rubber stamp impression is mentioned in the procedure, a facsimile impression should be inserted directly under the reference.

When the author of the procedure is satisfied that the subject has been properly covered, the procedure should be typed (double-spaced) on a procedure form and routed to those who will eventually approve the procedure, or who are otherwise concerned, for their comments, criticisms and suggestions. The author should keep a memorandum of the names of these individuals, in order to maintain a proper follow-up so that no procedure is permitted to "die" in someone's desk or file. When the procedure is returned, it should be rewritten to incorporate any advisable changes and resubmitted to the persons

who suggested such changes. It will often be necessary to make several revisions before the procedure is finally approved by all concerned.

The final draft of a procedure should show the name of the issuing department and be signed by the individual who wrote the procedure. Space should be provided above the signature of the author for the required approvals. Specific approvals should be obtained as follows:

President or Vice President: On all procedures covering statements of company policy.

Works Manager: On all procedures dealing with works departments, such as planning, inspection, production, receiving, etc.

Purchasing Agent: On all procedures relating to purchasing department.

Director of Industrial Relations: On all procedures relating to personnel, medical, insurance, safety and sanitation, plant protection and restaurant functions.

Chief Engineer: On all procedures relating to engineering department.

Controller: (1) On all procedures involving any interdepartmental transactions; (2) on all procedures relating to accounting, auditing, office services, material control, cashier and timekeeping functions.

Additional approvals may be obtained at the discretion of the signer of the procedure, or of his department head or the controller.

Copies of the procedure will then be sent (1) to each of the individuals approving the procedure; (2) to those individuals designated to receive copies of all procedures; (3) to such other individuals as the department head or signer may designate.

Control of procedures will be delegated to the office manager, who will

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be responsible for the maintenance of a procedure index number register. It will also be his duty to see that duplication in titles is avoided and to main-

tain a record of all individuals to whom procedures are issued. By WILLIAM E. BERGSTROM. *N.A.C.A. Bulletin*, December 1, 1942, p. 384:6.

Form Aids Employees to Recommend Others

ONE way of building up depleted working forces is to encourage present employees to recommend new workers. To simplify this job of recommending new employees and to remind old employees that such recommendations are welcome, Lockheed Aircraft Corporation uses a form 8½ by 11 inches, top half of which is for the recommendation and bottom half for the company's reply to the old employee. The top half of the form has spaces for the prospective employee's name, length of time known by the old employee, date of application, if any, special qualifications, address, telephone number, and the old employee's signature, plant and department number.

Bottom half of the form carries space for filling in the old employee's name, name of prospective employee recommended, and ample space for a report on the action taken by the employment department.

—*American Business* 12/42

Employees Enlist on the Farm Front

IN 1942, thousands of workers from office and factory lent a hand to the nation's farmers in harvesting the year's bumper crops. Pitching in during off-duty hours, these volunteer harvesters did their patriotic bit to gather in crops that would otherwise have spoiled. This year the farm labor shortage is certain to grow, and more and more part-time workers are likely to rally to the farmer's aid.

Last summer, employees of the Paraffine Companies, Emeryville, Calif., spent their Sundays harvesting the crops of neighboring farmers. Wages were donated to the Red Cross. In Huron, S. D., 40 members of the office staff of the Standard Oil Company—from office boy to assistant manager—spent their weekends as farmhands or donned overalls after hurrying home from the office on weekdays. And in Hamilton, Ont., the office staff of the Russell T. Kelley advertising agency rolled up their sleeves and helped fruit growers in the Niagara peninsula to cut grapes and pick plums.

This patriotic trend has brought practical benefits to the workers themselves: Many reported their health had improved, and all gained a first-hand knowledge of problems on the farm front.

► AS THE RESULT of a checkup on increased labor turnover, one large industrial company found that in a subsidiary (a railroad owned by the company) workers were quitting after a short span of employment to take jobs which were no better. The company thinks some of its workers are switching jobs so that they will not receive enough pay from any one employer to have it reported to tax authorities. And many employees who have "stayed put" say they just won't pay the federal income tax anyway. The company considers its survey a strong argument for the withholding method of collecting all federal income taxes.

—*Barron's* 11/23/42

Personnel

The WLB in Action

"THIS is a strike message. Report delivery at once by boy. Or report non-delivery at once."

That is the standard preface to telegrams sent by the War Labor Board to stop or head off strikes. These telegrams, coupled with persuasive talking on the long distance telephone, have produced results. They have brought the number of strikes down. They have put men back on the job long before disputes were settled.

Usually a long distance call is made to the business agent of the local union. He is sore, plenty sore. But when he is asked to tell specifically what the fuss is all about, it often dawns on him how picayunish the issue sounds to others.

Phone calls are made also to the plant or company manager. Some executives let grievances pile up. They don't always realize the importance of their personnel problems, WLB officials claim.

Cases are beginning to pop up that aren't really strike cases in the true sense of the word. A Texas building contractor complained that nine steamfitters had walked out, and the construction of an important war plant was being held up. So the local union was asked about it. "What strike?" was the rejoinder. According to its agent, the union had been trying to negotiate a contract for months, but the employer

had refused to go before the Conciliation Service. So the men threw up their hands in disgust and went off to other jobs.

The WLB called the international and informed its officers that the case had been reported by the Army as serious. If steamfitters didn't come on the job, they were told, the whole building project would be tied up. The international furnished steamfitters, and the project was completed.

How does the Labor Board hear of strikes and threats of strikes? It has five sources of information: first, the five district supervisors of the U. S. Conciliation Service, who keep in touch with hundreds of commissioners all over the nation; second, the international officers of the labor unions—WLB says these men willingly notify it when they are having trouble keeping a checkrein on their locals; third, the Army and Navy; fourth, the state mediation and conciliation services; and fifth, the plant operators. Sometimes, however, all these sources fail, and the first thing the WLB hears about the strike is that so many men are out in such-and-such a plant.

Most of the strikes these days are of the wildcat variety; that is, they are not authorized by the national or international union. Statistically, the situation can be appraised as either good or bad. In October, 1942, the latest month for which figures are available,

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there were 115 strikes, involving 42,320 men, with 167,865 man-days lost. That sounds bad, but time lost was only .05 of 1 per cent of the time worked, and the number of men on strike was just about half the September figure.

The WLB is not satisfied, however. It believes that a further reduction in the number of unauthorized strikes is possible. To that end it has adopted a three-point program which provides:

1. All Board mediation panels and investigators assigned to cases of strikes or lockouts are to report to the Board the relation of local and international union officers to the strikes and their efforts to prevent them.

2. Panels and investigators are to report also on the relation of management to the strikes and to note particularly whether management has fully discharged its obligation to settle all grievances as promptly as possible.

3. On the basis of a thorough investigation, these panels and investigators are to make recommendations for preventing the repetition of such strikes.

Labor unions are learning that the WLB means business when it says it will not countenance strikes. In several cases recently it has denied maintenance-of-membership clauses to unions which had struck. Since maintenance of membership is the nearest thing to a closed shop that the WLB will approve, loss of it is a hard blow to a union.

An example is provided by the General Chemical Co. case. The WLB denied a maintenance-of-membership clause to an A. F. of L. union because it called a work stoppage of a few hours on June 15 in violation of the agreement against wartime strikes. The order provided, however, that the issue of union security may be reopened and reviewed by the Board upon petition from the union in six months.

"The granting of any form of union security," Dean Wayne L. Morse said in writing the opinion for the Board, "to a union guilty of deliberate work stoppage in these critical days of the war would abjure the agreement with the President and would violate the policy of the Board that a union must demonstrate clearly that it is a responsible organization before it is entitled to the protection of the union maintenance clause."

BY KENNETH G. KRAMER. *The Wall Street Journal*, December 3, 1942, p. 1:2.

SALESMEN traveling out of Wausau, Wis., have organized a Cooperative Riders' Club, designed to solve problems created by gasoline and tire rationing. More than 200 hotels in this territory have joined the movement and will maintain bulletin boards on which salesmen may post their itineraries and so arrange travel groups. Wausau, with a population of 28,000, is reported to be the home of 450 traveling salesmen.

—GEORGE J. WENSKUS in *Domestic Commerce* 1/7/43

Industrial Lunchrooms in Wartime

DURING World War I, management awoke to the fact that an industrial lunchroom or cafeteria can be something more than an experiment in altruism. It began to realize that, under the strain of longer working hours, everything possible must be done to maintain employee stamina if production is not to suffer. Since that time, experiments have clearly shown that rest periods and refreshments bring a definite increase in production, and that absenteeism, labor turnover and accidents decline with the installation of feeding equipment and the establishment of regular refreshment periods.

In planning luncheon service, a company must first make a choice between centralized and decentralized units, the former term designating restaurants, cafeterias and lunchrooms, the latter mobile units or scattered lunch counters for localized service. Centralized feeding units are preferable in most cases, as they provide a change in atmosphere; but where the space for a cafeteria or restaurant is lacking or the distances within the plant are too great to permit easy access to central locations, lunch counters or mobile units may be the better choice.

Ideally, a lunchroom should be located within five minutes' walking distance of the workers who are to use it. If the plant is very large, it may be necessary to set up several cafeterias, servicing them all from one large kitchen. In that case, the main cafe-

teria, being the largest, is located near the kitchen, which is placed where delivery of food from outside and disposal of waste will be best facilitated.

If less than 10 to 12 square feet of space per patron is allowed, exclusive of kitchen space, the cafeteria will inevitably be crowded; but this does not mean that that amount of space must be allowed for every employee on a shift. With staggered lunch periods, a cafeteria which seats only 300 can serve 900 to 1,000 without confusion. Thus, a company which employs 1,000 on a shift should provide 3,600 square feet of space for the cafeteria, and, in addition, an area one-sixth that size should be allowed for kitchen, storage and service space, bringing the total up to 4,200 square feet.

After space has been allocated, the next thing to be considered is equipment. Averaging the total cost of all equipment in several large cafeterias, it was found that the original investment and the cost of installation is about \$50 per patron, although the figure varies with the size and kind of equipment installed. One company which employs a total of 1,300 workers, 55 per cent of whom use the lunchroom, found that the total cost of equipping the cafeteria was approximately \$8,000—\$6,500 for fixed equipment and \$1,500 for dishes, table cutlery, kitchenware.

Operation of a company cafeteria may be under the direction of either

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the company itself or a concessionaire. In considering arguments for and against the concessionaire operation, it is well to remember that the ability and integrity of concessionaires vary. Also, it is, of course, to the concessionaire's interest to make the cafeteria profitable. But while he has little stake in the nutritional or industrial relations aspects of employee feeding, he must satisfy his customers or he will lose them.

For a large company-run cafeteria, services of a qualified restaurant manager may be obtained; smaller ones may be run by a graduate dietician. Among the larger cafeterias, the most successful management has been noted where some authority is delegated to employees, and compensation given for increased responsibilities. Five counter girls, for example, might be supervised by a sixth, who, while her job is no different from that of the rest, is held responsible for the smooth functioning of her group.

Where the company operates the cafeteria, it assumes responsibility for damages incurred in or by the cafeteria. For this reason, it is important to supervise the source and handling of food carefully as well as the maintenance of equipment. The amount of supervision the company must give, however, will vary with the locality, as legislation requiring health certificates for food handlers is not uniform among the states.

Furthermore, the labor laws affecting employees of industrial lunchrooms are frequently misinterpreted.

Generally speaking, there is a tendency on the part of industrial management to consider the employees in its lunchrooms as "service employees," not subject to the maximum-hour regulations set forth in the Fair Labor Standards Act of 1938. However, employees of industrial lunchrooms are recognized as "service employees" only when the lunchrooms are open to the general public.

The National Research Council recommends that employees' cafeterias be run on a "non-profit, non-loss" basis. A number of companies, however, maintain elastic cost systems in which rent charges and maintenance costs are expanded or contracted to meet the exigencies of the cafeteria budget. Where this practice has prevailed over a long period, it is often impossible to tell whether the cafeterias are making or losing money.

A budget system should be drawn up, apportioning the cost of food, rent, heat and light, maintenance and salaries. If, for example, the budget allows 52 per cent of the gross receipts to be expended on food, 38 per cent on labor, 5 per cent on rent, heat and light, and 5 per cent on supplies, depreciation and breakage, each food item sold in the cafeteria should be priced to bear its share of the 48 per cent non-food cost of maintaining the services. An industrial lunchroom may also charge maintenance costs to food dispensed by mobile units, since the practice is not only financially but psychologically sound—an employee who sees the same item at lower price at the mobile unit may not stop

patronizing the cafeteria, but his reaction will not be favorable. On the other hand, it is only logical to charge more for restaurant dining, and there is no reason why the cafeteria patrons should have to bear costs incurred for waitress service. The increased cost of

restaurant service is commonly made less obvious by pricing full meals in the restaurant and single items in the cafeteria. BY KING MACRURY. *Studies in Personnel Policy No. 48*, National Industrial Conference Board, Inc. 28 pp.

Britain's Experience with Part-Time Labor

LONG before British industrial firms were receptive to feminine part-time work overtures, many women were enthusiastic to do what they called their "bit."

But there were many false starts on the part-time trail by employers. The first firm to score a genuine hit inserted a brief and matter-of-fact "Help Wanted" advertisement in the local daily paper. Despite the fact that the newspaper circulated in a district officially considered to have reached the employment saturation point, over a thousand replies were received. Each of the 568 women engaged was informed that a minimum of 12 hours weekly was required of her. She had the option of doing this in whole days or alternate half-days. However, in practice few work less than 24 hours a week. The exception is the evening shift, which is operated not by women but by business and professional men. Some of the latter have a gang system under which two out of a group of three or four guarantee to replace each other if their own regular daytime work should detain them on a particular

evening. In this way the war plant is not let down.

Other British factories which have resorted to part-time labor like to have their workers in pairs, to take over each other's work and make, as it were, one whole man or woman for one whole day. The timekeeping records at one representative plant reveal no defaulters, even though a very small percentage of part-time people had to be weeded out. Experience with men vs. women in such cases indicates that women tend to turn up for *extra* hours without warning, such is their enthusiasm for the job. Another point in favor of the women is that they never hesitate to ask questions if faced with a situation they have not encountered during their training.

Difficulties of organization, administrative expense, and trade union opposition occurred at the outset. Trade unions have been appeased by paying the part-time women at full union rates; in addition, management has guaranteed that this special labor will be discharged immediately after the war.

Part-time workers are more effi-

ently handled if segregated in a separate shop, some plants have found. One firm converted a garage for this useful purpose. A temporary make-shift is to reserve part of an existing shop or, failing that, certain benches. In one plant with contented part-time workers, the general direction is entrusted to a superintendent, while under him are three instructors and one chargehand, all carefully chosen from foremen and craftsmen noted for their tact and patience.

At first the tendency was to hesitate

to offer the part-time women the dirtier jobs. This was soon solved by the women's insistence that they were willing to do anything, including oiling, painting and janitor work.

It was found that instructors can be returned to their own skilled work as the part-time amateurs become sufficiently expert to instruct newcomers. These unskilled part-time workers can, in time, prove most useful in assisting upgrading throughout the plant. By ROSALIE MANDER. *The Manufacturing Jeweler*, January 7, 1943, p. 4:2.

The Extent of Union Recognition

ABOUT 13 million wage and salaried workers were covered by collective bargaining agreements at the close of 1942. This represents more than 40 per cent of all persons engaged in occupations where it could be reasonably assumed union agreements might be in effect.

The extent of collective bargaining varies greatly between industries and occupations. About 80 per cent of all transportation, public utility and construction workers, 75 per cent of all persons employed in mineral extraction, and approximately 60 per cent of the wage earners in manufacturing are covered by union agreements. In contrast, less than 5 per cent of those in wholesale and retail trade, and in the clerical, professional and personal service occupations, are working under collective bargaining conditions.

Approximately 6 million, or over 45

per cent of all the workers under union agreement, are covered by closed or union shop provisions. Almost 3 million of these are in manufacturing and over 1½ million in building construction. About one-half million coal miners and over 700,000 public utility and transportation workers are covered by either closed or union shop agreements.

The term "closed shop" has come to be rather narrowly defined as requiring not only full union membership by all employees covered by the agreement, but in addition that all new employees must be hired through the union or must be members at the time of employment. In contrast, the term "union shop" refers to the situation in which the employer has complete control over the hiring of new employees, and such employees need not be union members at the time of hiring; they must join

the union, however, as a condition of continued employment—usually after a probationary period ranging from a few days to several months.

In actual practice, the distinction between a closed and a union shop is sometimes more theoretical than real. For example, if a union having a closed shop contract does not charge prohibitive initiation fees and is willing to accept as members all persons whom the employer wishes to hire, the situation is not materially different from that existing under a union shop provision. On the other hand, if a union shop agreement also provides that members be given preference in hiring, the situation approximates a closed shop.

More than 15 per cent of all workers under agreement are now covered by clauses which provide that all employees who are members of the union at the time the agreement was signed or who later join the union must retain their membership for the duration of the agreement. The large majority of the workers now covered by such provisions are in the basic iron and steel, electrical equipment, shipbuilding, aircraft, rubber products, farm equipment and paper industries.

Maintenance-of-membership agreements are spreading rapidly at the present time, largely as a result of orders from the National War Labor Board. The Board has granted maintenance of membership usually as a compromise of the union's demand for a closed or union shop. Most of the Board's maintenance-of-membership orders provide a 15-day "escape peri-

od" during which any present members may resign from the union if they desire.

About one-half million workers, or less than 5 per cent of all persons covered by agreements, are employed under preferential union shop conditions. While a varying number of agreements throughout all industries provide that preference in hiring be given to union members, such provisions are most common in the maritime industry, including longshoring. In most preferential shop clauses, the preference is limited to hiring and layoff; in others, preference is broadened to include promotion and even seniority rights.

Approximately 35 per cent of all workers under agreement are covered by provisions which grant the union sole bargaining rights but no other form of union security. Under such an agreement the employer is prevented from dealing with any rival union or group of employees, and the non-union as well as the union employees work under the terms laid down in the agreement.

Less than 1 per cent of all workers under agreement are covered by provisions which recognize the union as the bargaining agency for its members only. Such limited recognition would exist only in a situation where a minority of the employees belong to the union, or in an intrastate industry where there is no state labor relations act, or where, although the union has a majority, it has not exercised its rights under the National Labor Relations Act (or similar state labor rela-

tions acts) to secure exclusive bargaining rights.

Approximately 2½ million workers—about one-fifth of all under agreement—are covered by some sort of checkoff arrangement. The checkoff provision may establish a general checkoff for all employees where a closed shop is in force or, otherwise, for every union member. A more limited type of checkoff provision, however, establishes the deduction only for those employees who file individual written authorization with the em-

ployer. At present about 1½ million workers are covered by agreements which provide for the general or automatic checkoff, while approximately one million work under agreements which provide for checkoff upon individual authorization.

From *Types of Union Recognition in Effect in December, 1942*. Memorandum No. 5, Working Conditions and Industrial Relations Branch, Bureau of Labor Statistics, U. S. Department of Labor. 15 pages.

Survey of Personnel Workers

DO personnel workers as a whole possess educational training and experience that fit them for their important task? This was the subject of a recent questionnaire survey of personnel workers in 100 large industrial organizations in the Los Angeles area.

Fifty-two of the 100 respondents, it was found, had pursued major courses of study that were directly related to personnel management, while 40 had pursued major courses of unrelated study. Those in the first category include majors in business administration, economics, engineering of certain types, and in certain phases of psychology; in the second category are included chemistry, zoology, history, languages, etc. The majority of those surveyed had had at least training beyond the secondary school level. Ninety-one cases had previous related business experience, ranging from one year to eight or more years.

A high percentage of the personnel workers had completed general courses in economics and psychology. Such courses, however, do not prepare specifically for personnel work. With reference to *specific* courses, the picture is not nearly so favorable, the range being from about 20 to 40 per cent.

Of the total group, 55 per cent have had, at the most, two courses of formal training that might be said to prepare them for personnel work. Only 45 per cent can thus be said to have adequate educational training for their work. It is not surprising, therefore, that many personnel departments are functioning on a relatively inefficient level, and that they are unprepared in many instances to cope with the manifold problems involved in labor relations.

—ROY M. DORCUS and R. D. LOKEN in *Personnel Journal* 1/43

► FOLLOWING the example of progressive industrial concerns, many federal agencies are now giving "exit" interviews to employees when they turn in resignations, according to the Civil Service Assembly of the United States and Canada. The new procedure, which is designed to reduce employee turnover by correcting unsatisfactory conditions, is reported to be successful in inducing many employees to change their minds.

—Commerce 1/43

British Women at Work

MORE than 40 per cent of all British war production workers are women, according to British Supply Council reports which credit to the women of Great Britain much of the magnificent achievement of British industry during the war. Today's picture of British women at work is likely to reflect much of tomorrow's picture of American women at work.

Of the 17,240,000 British women between the ages of 14 and 65, the Council stated, all but 5,500,000 are actively engaged in industry, in the women's uniformed services, or as full-time civilian defense workers.

Aircraft plants have large forces of women workers. In welding, in detail fitting, and in sub-assemblies the employees are 100 per cent women. On viewing and inspection operations, 82 per cent of the workers are women. In one large aircraft factory, 90 per cent of the riveters are women. Thirty-seven per cent of the employees of one firm making Spitfires are women.

Women workers in British shipyards are three times as numerous today as they were a year ago. On the railroads of Britain, 105,000 employees, out of approximately 639,000, are women.

In a tank factory somewhere in England, one worker in every five is a woman. Here they grind and mill and shape the component parts for 28-ton Matilda tanks.

A woman must sometimes go shopping, and this is a factor responsible for absenteeism among married wo-

men who are otherwise satisfactory workers. One big airframe works found that absenteeism rose to 13 per cent from the normal 4 per cent when the percentage of its women employees had reached 70. The firm remedied the situation by providing the women with special shopping facilities and with a hairdressing establishment on the premises.

The special problem of looking after the children of women doing industrial work has been met by great expansion of Britain's system of nurseries. By August, 1942, 826 wartime nurseries had been established, with space for 34,000 children. In addition, residential day nurseries, nursery centers, and play centers are being extended to care for 88,000 children.

Light assembly has been found to be the most suitable type of employment for part-time women workers, who are employed widely in British industry. Time units can be set at as little as two hours per shift. Evening work for four hours a day by married women has been tried with success by a food factory in northern England.

Some months ago, representative British works managers declared that women over 40 made the best workers. They were more thorough, more reliable, and more willing to learn, the managers said. Two women, one 70 and one 72, were reported taking their turns on the night shift in an engineering plant in England. *Victory* (Official Weekly Bulletin of the Office of War Information), January 6, 1943, p. 15:1.

Production Management

Labor and Management Unite for War

FROM the 1,300 plants known to have labor-management committees come widely publicized accounts of improved production, but the vast majority of the nation's 32,000 war factories have neither War Production Drives nor committees. One reason—perhaps the biggest one—is a list of unanswered question: Will labor-management committees encourage labor to usurp or attempt to usurp management prerogatives? Will labor-management committees continue into the postwar period? Will a War Production Drive be expensive?

To answer these questions and others that managements are asking, *Modern Industry* investigated labor-management committees and War Production Drives in scores of plants varying widely in size and representing many different industries and degrees and types of unionization. Here are some of the answers:

Will labor usurp management prerogatives? The answer is "Yes—to the extent that management permits it." By proper selection of labor representatives and by honest definition of the scope of the committee, usurpation can be avoided. The principle that production drive committees must be completely divorced from committees normally handling grievances, contract negotiations, and other matters that affect wages, hours and work-

ing conditions has been stressed in the original plan prospectus. It is also important that the men selected to represent labor be truly representative: Three of the four reported cases in which labor-management committees have been discontinued involve plants whose managements appointed representatives of minority unions. Moreover, management must refrain from appointing to the committee executives who regularly handle union matters. In an Ohio steel mill, a six-man labor-management committee meets every Saturday morning to discuss cooperation and production. After two hours, one management representative leaves, another replaces him, and the meeting continues—with wrangles over wages, hours and working conditions.

Will labor-management committees continue into the postwar period? "A voice in management," like free lunches or any other concession, will be hard to take away. But, as one Illinois manufacturer says: "We've got a bear by the tail—but it's a damn good bear. I'd rather go through the postwar period with a labor-management committee that had worked together during the war than sit at the small end of a table dominated by a labor management."

Does the entire program suggested by War Production Drive Headquarters have to be adopted to make

the effort worth while? No. The original plan book actually floored many managements, frightened them away; but the degree to which the plan has been adopted varies from plant to plant. A minimum plan would probably include a slogan contest, posters, a rally, and a suggestion system.

Who in management can best handle the drive? The best-publicized programs have been handled almost exclusively by "converted" public relations and advertising staffs. Such staffs generally have less prejudice against unions than personnel and production men whose only contacts with unions have been in controversial situations. Scores of smaller companies' drives are working well with direction from production or personnel men, however.

Won't a drive be expensive? A drive may be as expensive as a plant wishes to make it, although the lavishness some advertising departments are expending on programs may have to be curtailed because of renegotiation of war contracts or tax regulations. While house organs are considered essential, they may be merely one-page mimeographed letters sent weekly. Rallies can be staged in a stadium, or take the form of a 20-minute amateur show, like the "Smoke Stack Theater" that Tung-Sol Lamp Co. presents weekly.

Can a drive be long sustained on a high-activity pitch? Experience thus far indicates that it can; but, in the opinion of most personnel men interviewed, a sustained 25 per cent increase in production is preferable to a spot increase of 50 per cent.

How can union charges of speed-up be avoided? Incentive payment plans—more money for more units produced—are, of course, the easiest solution to the problem. But most companies employing labor-management committees have been able to demonstrate that there is no intention of increasing the muscular energy expended by the worker. If there is a speed-up, it is one of brains. Many companies have met this question head-on. They have frankly admitted that a speed-up is intended, but explained that it is a speed-up only of brains and initiative. This works.

Can a production drive be conducted if production is being curtailed by material shortages? Speed-up of any kind when stockpiles are visibly decreasing means that the workers are simply working themselves out of jobs. The best solution is to concentrate on activities that will help alleviate the situation: scrap collection, elimination of waste, suggestion systems.

Where can management get help and advice on a War Production Drive? Currently national direction of labor-management committees comes from the Washington Headquarters, headed by Michael W. Strauss. From a variety of private agencies—advertising companies, chiefly—management can obtain everything from posters to complete programs.

Has the drive speeded production? Without qualification, yes. In the field of suggestions alone, the drive appears to be worth the partial sacrifices labor and management have made.

And as significant as figures is the common opinion of executives, supervisors, union officials, and men down in the plants: "We're working like

hell, and things are going along a little smoother since the drive started."

Modern Industry, October 15, 1942, p. 34:3.

The Controlled Materials Plan

WHAT are the essential things which plant management should understand about the Controlled Materials Plan?

Basically they are these: (1) The plan is a logical, practical development in which management itself is a key factor; (2) the plan brings the production management man into the materials picture more fully than ever. Management has participated actively with government in the development of this plan, and it will be put into operation by management men. Their responsibility will be great, for much of the plan's success will depend on the accuracy with which production management fills out the bills of materials which show the amount of steel, copper and aluminum needed to make a specific number of units of its product in a given time.

The philosophy back of the plan is simply this: We are putting the disbursement of three key materials—steel, copper and aluminum—on a "cash" basis. This means that we shall begin by ascertaining "what we've got in the bank," making an accurate inventory and forecast of the steel, copper and aluminum which will become available in a given time. Then we shall make

withdrawals against these totals by "certified checks" (which will be called *allotment numbers*), the total of which cannot exceed the total of our balance. This, in turn, means that military requirements must be scheduled, resolved among themselves, and forced down to the point where they cannot need or call for more than the known available total of materials within the scheduled period of production. Under CMP this scheduling becomes the basis of a "vertical" plan for the distribution of materials.

For example, it is decided first that so many thousand tanks must be made during the year, and that a certain fraction of the number will be made in a given quarter. CMP provides everything for the manufacture of these tanks, issuing allotment numbers which will apply vertically to all those concerned in the tanks' manufacture and entitle each to his share of materials.

How is the total known? The prime contractor and all the secondary contractors have made requests stating as exactly as possible the amount of materials they will require to fulfil production assignments. In other words, the contractors send in their "bills" and the government writes out mate-

rials "checks" or *allotment numbers* in payment.

In the past, one could never be certain of the exact value of a priorities preference rating or of the sort of "check" which was issued under the Production Requirements Plan. The early priority ratings were little more than "hunting licenses." Some manufacturers were left with drafts which could not be honored at the counter because the balance was already expended. Now, under the Controlled Materials Plan, a manufacturer receives exactly as much steel, copper and aluminum as he needs to make a given number of units of his product within a given time; and, as a result, there is little possibility that he will over-buy or under-buy any of the additional commodities he may happen to need. Thus, in effect, CMP provides effective control over *all* materials.

In practice, flow of materials will be regulated through a definite structure composed of government agencies and industrial contractors. At the top is the Requirements Committee of WPB; at the bottom, the subcontractor or producer of parts.

The manufacturer prepares a Bill of Materials, comprising a breakdown of all materials required to make a single unit of his product; and on the basis of this he calculates the amount of material needed to meet his production schedules. He then files a request for the total amount of materials required. If his role is that of subcontractor, he

submits his request to the prime contractor, who totals the requirements of his subcontractors and relays their requests to the claimant agency.

Management must be not only conscientious but extremely accurate in its estimates of its materials needs. It must be prepared to supply exact data on the gross and net weights of parts and products, on rejections, breakage, spoilage and scrap. Any contractor who does not maintain such records will have to set up adequate machinery for doing so.

Manufacturers must also be prepared quarterly to make correct inventory reports of their position with respect to controlled materials. These reports must be submitted within 15 days after the end of each quarter.

The contractor is free to take his allotment number to any mill making or processing the type of materials he needs. The mill is required to accept his order within the limits of its capacity. If the manufacturer can find no mill which can accept his order, he turns to the Controlled Materials Division for assistance. And the Controlled Materials Division *must* see that he gets his material somehow.

In essence, CMP amounts to the insertion of a new "balance wheel" in the national production program and a new "mainspring" in the present priorities system.

By DONALD M. NELSON, Chairman, War Production Board. *Factory Management and Maintenance*, December, 1942, p. 75:3.

How to Go After Second-Hand Machinery

PLANT conversion and expansion face mounting difficulties by reason of machine and equipment shortages. Second-hand tools are industry's only resource, unless a priority rating can be obtained for the purchase of new equipment.

There are at least four ways of locating second-hand equipment:

1. Through the War Production Board's regional or field offices. Available equipment is there listed, and information regarding it is kept on file. Most offices will publicize your needs (by key number) in regional editions of *War Production News* if they cannot locate the machine. Through the WPB, manufacturers can also get in touch with the Defense Plant Corporation, a fruitful source of used machinery; or they may communicate directly with the DPC. Address—A. W. Greeley, Assistant Chief Engineer, Defense Plant Corporation, Washington, D. C.

2. By advertising in classified columns and trade journals. This method, often effective during the early stages of the war, is now highly competitive and should be used only to supplement one or all of the other three ways here listed.

3. By consulting your bank. Many banks, particularly in the large cities, are helping their war production clients locate needed machinery.

4. By going out (literally or figuratively) and finding the facilities yourself. You may be pleasantly surprised at what will be turned up. A Massachusetts automotive dealer, in converting his repair shop to a war production plant, discovered a sorely needed piece of equipment in the basement next door. Although 15 years old, the machine had been used only six months.

—WILLIAM HURD HILLYER in *Barron's* 12/14/42

Simplification Program Gets Under Way

THE Federal Government's simplification and standardization program will get under way on a really extensive scale during 1943.

More than 8,000 manufactured articles are listed as being subject to simplification, while nearly half as many are listed as susceptible to standardization. Thousands of manufacturers will be affected during the coming year by government orders to eliminate many styles and models and standardize many parts and products.

Officials feel the main objectives to be achieved through the programs are the conservation of critical materials, the release of manpower for war production, and the more effective control of price ceilings and rationing. They believe, but not too optimistically, that savings effected might permit more small manufacturers to continue production who otherwise might be forced to close for the duration or until they could obtain a war contract.

To date, WPB has issued only 84 simplification orders, representing less than 5 per cent of the over-all program. Many more are now in preparation.

The OPA is approaching the problem from the standpoint of price control and rationing. Unnecessary models will be eliminated, and goods will be standardized into grades established by government order. There will be a national or area ceiling price for an A-grade shirt; a different dollars-and-cents price for a B-grade shirt. Other products will be treated similarly.

Government officials estimate that when the complete program is carried out for the more than 8,000 articles, it will release upward of 5,000,000 workers for essential war activity in factories, on farms, and in the armed services.

—*NAM News* 1/2/43

Marketing Management

Charting Your Postwar Markets

THE war has brought about revolutionary changes in many industries and individual companies. Some have modified their products, while others have discontinued the making of peacetime products and are now tooled up to make goods of a considerably different nature. In these and other cases, it is questionable whether projections of past performance should be used in charting a company's postwar market situation. Much more thorough studies of the changing characteristics of its markets and its new position in them are required. Let us consider some aspects of these changing markets.

Shifts in Population: The market for perishable and consumers' durable goods has been undergoing drastic changes in several respects. Shifts in population due to war activities have been tremendous. Between April, 1940, and May, 1942, population shifts varied from an increase of 24.9 per cent in the District of Columbia and 17 per cent in Nevada, to a decline of 7.8 per cent in Idaho.

Regional Consumer Incomes: There have been corresponding shifts in the flow of regional consumer incomes as a result of the concentration of war contracts in some industrial areas. Ninety-seven of the nation's 3,072 counties received 56 per cent of all war supply and facility contracts awarded through the first half of 1942,

although these counties contained only 35.4 per cent of the country's population. After the war, the resultant concentration of population is likely to continue while consumers' savings are used to supply the acute shortage of durable goods.

Weakening Middle Classes: Postwar consumer markets will also be affected considerably by the redistribution of wealth and income now taking place. A number of potent factors are tending to weaken the middle classes: (1) Rising prices have reduced the purchasing power of past savings and of present relatively fixed salaries and investment incomes; (2) corporate and personal income taxes drastically reduce the net incomes of the middle classes; (3) on the other hand, both money wages and real wages have been allowed to advance. By the end of 1942, it is estimated, labor's share in the national income had risen to 73.1 per cent; the farmer's share had increased to 10.1 per cent; while the share of middle-class groups declined to 15.8 per cent. As the redistribution process continues, the decline in middle-class income will be much more drastic.

Influence of Marriage Rate: Rising prosperity has engendered an increase in the marriage rate and in the separating of families that had doubled up during the depression. This was undoubtedly an important factor in

stimulating sales of consumers' durable goods before the war, and it will continue to create a deferred demand for these products.

Savings of War Workers: Savings of war workers will be an important factor in stimulating postwar markets. The Department of Labor estimates that the savings of workers' families were about 70 per cent higher in 1942 than in 1941. Fifty-seven per cent of their increase of income is being saved. This will provide a storehouse of purchasing power estimated for 1946 to be at least three times that of 1941, and probably much more.

Reduction in Finer Things: The relative rise of the laboring and farming groups in the income scale and the decline of the upper and middle classes means a shift to mass production and marketing of large quantities of utility-type goods, with a reduction in the output and consumption of the finer, more genteel things—the lavender and old lace of American living. Chain stores and certain types of department stores will benefit more than others by this shift.

New Construction—A Reverse Trend: During the decade preceding the war, relatively greater emphasis was placed on construction undertaken by public authorities, while private construction was depressed. This tendency is likely to be reversed in the postwar period, especially because an overwhelming housing shortage is fast developing. During the last decade, approximately three new dwellings have been built for every five additional families which have been formed. Seven

million dwellings are ready for replacement, and competent authorities estimate that about one million new homes yearly could be used during the decade following the war.

Producers' Durable Goods: Unquestionably, machinery and equipment are wearing out at unprecedented rates as a result of all-out war production. Also, many machines are becoming obsolete as a result of technological improvements. When materials become available again for more efficient machines, competition will gradually force factories to adopt them.

Competition of Materials: Throughout the great numbers of industries making and using durable goods, many are predicting severe competition among materials of all sorts. There has been tremendous expansion in the capacity for producing some of these materials, especially the metals, and some predict that aluminum and magnesium will take the place of steel.

Methods of Distribution: After the war the pattern of all markets will again be affected by the competition of firms possessing not only the best products but also the most effective and least expensive systems of distribution. As in World War I, necessity has again brought about the elimination of many products which were expensive to market because they met the special whims of a small but insistent group of customers.

Foreign Markets: Finally, foreign markets are as yet an unknown factor in postwar market predictions. Certainly there will be potentially large markets for perishable and consumers'

durable goods, machinery, and building materials of all kinds in the war-devastated countries of the world. But are we willing to become sufficiently internationally-minded as a nation to permit payment by imports of foreign goods and services? Are we willing to permit some industries with a natural export advantage to prosper while

others are depressed by foreign competition?

If we can answer such questions as these affirmatively and unflinchingly, our foreign trade will make us prosperous in the long run, and we shall contribute to the peace and prosperity of the whole world.

BY DONALD R. COWAN. *Printers' Ink*, January 8, 1943, p. 15:4.

Post Exchange Market

PROBABLY not even the War and Navy Departments know the total volume of sales being transacted by the world-wide string of retail stores that they operate, since most of the post exchanges and ship service stores inside the United States buy more of their merchandise direct from suppliers than through the centralized purchasing services. But everybody in a position to know agrees that the business is currently running at a rate exceeding a billion dollars a year and growing faster than anyone can keep track of.

Much of the merchandise that the men buy is high-quality stuff in excellent taste, but some of it is just plain awful. One best-selling item at a naval training station's ship service store is a fringed rayon pillow top. On a pink background, this bears in blue, orange, yellow and red the printed likenesses of principal types of warships, surmounting the words "Our Navy."

On another pillow top are stenciled an older woman's face, a lily, and the tender sentiment, "Mother dear, you are a lovely flower, your hair is as a pure halo of snow." This little number has sold in colossal quantities. A post officer, to learn the saturation point, placed 5,500 on sale in one branch store serving 4,000 men. The lot disappeared in four hours.

"Just like coffee in a grocery store," mourned the officer. "I wish I had half a million of the things right now—I can only get deliveries of about 15,000 a week."

—*Business Week* 12/5/42

Keystones of Sales Training

SEVEN key points against which sales training programs might profitably be checked were outlined by Nelson B. Sherrill, Jr., of Johns-Manville Corporation, at a meeting of the Sales Executives Club of New York:

1. Make the program complete; cover every important phase of your selling; don't nibble at the job.
2. Schedule your training program for *continual* operation; regard it as sales supervision going on all the time.
3. Include in your basic selling plan only those methods which are being used successfully by a substantial number of average salesmen in your own organization.
4. Follow through; provide for field supervision and checkup to see that every man trained actually employs the recommended methods in his daily selling.
5. Use sound selection bases to recruit candidates with the right qualifications; avoid pet prejudices with respect to age or other factors.
6. Provide for individual success; train each man to manage himself and his time, and see to it that opportunity for success exists.
7. Give every applicant an honest picture of the job before hiring him; include all the difficulties, leave some of the rewards to be discovered later.

Financial Management

When the Corporation Gives to Charity

AS a result of increasing pressure on corporations to contribute to national and international war relief agencies, as well as to more local charities, many executives today are re-studying their company policy. What is the responsibility of the corporation in regard to appeals? Which among the agencies soliciting funds should be supported? How much should be given?

Management usually wants to do "what is right," but this requires definition. A generous impulse opens the purse of an individual, but the purse held by corporation directors belongs to the company's shareholders, whose interests must be considered. It is generally agreed that some benefit to the stockholders must be anticipated in justification of gifts made by a corporation.

When large numbers of its workers live in the community, direct benefits to a corporation from community agencies are frequently measurable. A study made a few years ago in Cleveland showed that 38 per cent of the employees in the industrial concerns surveyed had been ministered to in some way during the previous year by one of the agencies supported by the community fund. Arguments such as this led to inclusion in the 1935 Internal Revenue Act of a clause permitting corporations a deduction up to 5 per

cent of their net income for charitable purposes.

The Conference Board recently asked executives of 20 of the largest manufacturing corporations in the country what reasons underlay their decisions to make contributions. The primary consideration in making contributions, cited by 19 of the executives, was a feeling of obligation to carry part of the community's burdens. A reason almost as important, given by 18 of the companies, was benefit to employees. The relative need for the funds solicited was third in order, and public relations value of the gift, fourth. A fourth of the companies indicated that a reason for their contributions to certain agencies was the participation of their executives in directing the campaigns.

The major recipients of corporate gifts are usually the community and war chest and the Red Cross. If the USO is not included in the local war chest, that is supported separately.

Appeals for causes other than these are not infrequently made to corporations, and in these cases executives must use their own judgment. Detailed reports on any organization, however, can be obtained from the National Information Bureau, either directly or through the local community chest or chamber of commerce if it has membership in the Bureau.

When the amounts involved are

small, decision as to which local activities should be supported frequently is left to local representatives of the company. In the concerns whose policies were surveyed, the most frequent practice is for top management to specify a constant maximum figure which the local manager can devote to charity and leave the distribution of this sum to his discretion. The next most frequent practice is to permit the local manager to recommend to management at headquarters both the charities to be supported and amounts to be given. If considered reasonable, such recommendations are approved, and the sums allowed become operating expense charged against local operations.

Two of the companies surveyed set limits of \$100 for local contributions which need not be cleared through headquarters. A large iron and steel company allows its local managers to make contributions up to \$1,500 a year. An office appliance firm permits its local managers to distribute 50 per cent of its total contributions at their discretion, designating the remaining 50 per cent specifically for the community chest and the Red Cross.

Contributions to national organizations, with only one exception in the group of corporations studied, are decided upon at headquarters. Three of

the companies have central policy-forming committees to which all appeals must be referred. In the remaining corporations, top management, usually the board of directors or executive committee of the board, makes the decisions. Those companies that have a department of public relations rely heavily upon the recommendations of its director in making contributions.

In the group studied, half the corporations stated that their annual contributions were not determined in ratio to earnings, sales, number of employees, or other factors, but that each appeal was decided upon on its merits. Two companies are making annual appropriations for philanthropy on the basis of the preceding year's contributions, modified to meet changing conditions. One of the large petroleum products companies generally uses the yardstick suggested by the philanthropy, such as volume of business, assets, or number of employees, making adjustments to round sums in keeping with the importance of the charity and the company's ability to give. Two concerns match what their employees give. Two others base their total annual gifts on net earnings of the company, and one on sales quotas. *The Conference Board Management Record*, November, 1942, p. 352:6.

► THE 25 largest manufacturing corporations in the United States (excluding oil and copper companies and the Ford Motor Company) reported assets of \$12,700,000,000 in 1941, an increase of about two billions over the preceding year, according to the National Industrial Conference Board. Earnings of these corporations were slightly more than two billions in 1941, of which more than 56 per cent was set aside for federal income tax.

—Commerce 1/43

Who Owns the Corporations?

LITTLE has hitherto been known about the extent of stock ownership in the United States. Recently, however, estimates of stock ownership have been made on a nation-wide basis from the latest tax figures available for that purpose. Some significant findings of this study follow:

In 1936 (the latest date for which figures are available), the total number of individual stockholders lay somewhere between 6.5 million and 10 million, representing between 8.5 million and 10 million voters. The number of consumer units (families or separate individuals) receiving dividends was at least 4.5 million, of whom about 3.9 million had incomes from all sources of less than \$5,000.

Those who had incomes of \$2,500 or less numbered at least 2.8 million, and they received more than 14 per cent of all dividends. The proportion of persons receiving dividends is higher in the less-than-\$500 class than in the \$500-\$1,000 class. These figures reflect the presence of a large number of widows, orphans, invalids and aged persons, who are unable to earn much for themselves and whose income comes wholly or in large part from investments.

—RUFUS S. TUCKER in *Barron's* 8/31/42

Ruling Tightened on Double Time

JUST issued by the Secretary of Labor, a new interpretation of the double-time provisions of Executive Order 9240 allows the employer to institute more flexible work schedules without paying double time.

The Executive Order restricted double-time payment to the seventh day of consecutive work, eliminating the payment of double-time for Sunday as such. The new interpretation restricts double-time payments further to those cases in which work is performed on seven consecutive days within any one workweek, adding that a workweek may start on any calendar day of the week, so long as the same calendar day is continuously used.

Thus it becomes possible to let one shift work as much as 12 consecutive days, since one day off and six work days might constitute the first week, and six work days followed by one day off, the second. No double time would be due under such arrangement, according to the new interpretation.

—*The Journal of Commerce* 1/27/43

AMA FINANCIAL MANAGEMENT CONFERENCE

The Financial Management Conference of the American Management Association will be held on Wednesday and Thursday, March 24-25, at the Hotel Pennsylvania, New York City.

Insurance

Rebuilding After a Fire

PRIORITIES restrictions have tightened up decidedly in the last few weeks, and there is every indication that they will become even stricter, with the result that insureds are going to find it increasingly difficult to obtain materials needed for reconstruction after a loss. Further, actual scarcity of materials in dealers' stocks may pose a serious problem even though all government requirements have been met.

Insurance men attempting to explain the situation to the insured may justifiably feel that it is somewhat complicated. It must be borne in mind that there are two hurdles for the insured to surmount in the event of a loss.

The first of these is priorities. If the insured needs materials on the restricted list, he must seek priorities assistance via Form PD-200, no matter what the estimated cost of repairs, although construction lumber is an exception. Under Order M-208, an owner repairing a building after damage by fire automatically has an AA5 priority, a higher rating than the former A-1-A. This is not considered to be priorities assistance.

The second hurdle is Construction Order L-41, which prohibits any type of construction unless it comes under the specified exceptions or is given the green light after application has been made to the War Production Board. There are no restrictions on buildings

listed in Schedule B of L-41 (which includes structures used for public or private entertainment, amusement or recreation—except children's playgrounds—which are occupied by not more than five establishments selling merchandise, food or drink or providing services) if the cost of repairs is estimated at less than \$200. If it is more than \$200, the owner must, within five days of damage, wire the WPB, Empire State Building, New York City, stating the cause of damage, the function of the building, the type of construction, the reasons why immediate restoration is necessary for the prosecution of the war or the protection of public health or safety, and the estimated cost of reconstruction. Within two weeks of this telegraphic notice, Form PD-200 must be filed.

For industrial buildings not specifically listed in Schedule B, Order L-41 makes no restrictions on repair work costing less than \$5,000. If the cost is more, the owner must follow the procedure given for Schedule B building losses in excess of \$200. And in each case there must be subtracted from the limits the cost of any construction work done during the previous 12 months, whether it was necessitated by fire damage or not.

Where the owner of a fire-damaged structure goes ahead without notifying the WPB, there is an additional restriction: that the completed job must

not require the incorporation of any new materials, on the site or off, to supply electricity, gas, water, steam, telephone or sewage disposal service. This is designed to cover new constructions, and while the wording makes it apply also to reconstruction after fire, the only practical effect is to prevent a radical change—from steam power to electric motor installations, for instance.

If priorities assistance is needed, even though it would not otherwise be necessary to notify the WPB, application for assistance is made on Form PD-200, the form used for notifying the Board. Where specific priorities or assistance is required in any fire-damage repair job, the WPB has to strike a balance among several factors, chief of which is, of course, the needs of the war program. Balanced against the theoretical advisability of converting every conceivable item of material which might be used for the prosecution of the war are such considerations

as civilian health, safety, morale, convenience and freedom from needless economic loss.

An important factor, of course, is the amount of priorities material that would be needed and the availability of substitutes. Granting of priorities will depend a good deal on the hardship to the public that would ensue if the damaged building were not replaced. For example, a hotel in a city experiencing a shortage of hotel accommodations could expect more favorable priorities treatment than could one in a place like New York City, where there is no shortage. If the elevator system of a large New York hotel were burned out, it would probably have to stay that way for the duration, even though the hotel were put out of business, since the WPB would be unwilling to release the large amounts of copper and steel necessary for reconstruction. BY ROBERT B. MITCHELL. *The National Underwriter*, November 26, 1942, p. 3:2.

Wartime Changes in Product Liability

PRODUCT liability underwriters are trying to gauge the effect of the numerous drastic changes in manufacturing processes that have come about because of the war. Product liability rates are based on experience, but such experience represents more or less normal conditions. Changes that are now occurring may make the risk much more hazardous than was contemplated in the premium rate. In that case, companies would find themselves with an inadequate premium. On the other hand, the change might greatly decrease the hazard, in which case an alert competitor would have the opportunity to quote a much lower rate.

A change in the hazard may even occur without any change in process merely by a manufacturer's dropping certain lines and increasing his production of others. For example, a food manufacturer previously packing 20 different products might cut to three. If the three remaining items were the most hazardous from a product liability standpoint, the hazard would be heavily increased. On the other hand, the riskiest products might have been in the 17 that were eliminated.

Use of new types of containers, such as glass or fiber, to meet the metal shortage may bring unforeseen problems. Glass and fiber have for years been used for many types of food products, but that may not be an adequate guide to their use for radically different types of foods.

—*The National Underwriter* 8/27/42

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Women as Supervisors

Question: Have female supervisors proved as capable of handling women employees as male supervisors? What policies should govern the selection and development of women supervisors? What function do "personnel advisers" perform, and what is their relationship to supervision?

Answer: In Great Britain, upgrading of women to first-line supervisory positions is now an accepted phase of personnel policy, and the literature on the subject, for the most part, reflects growing satisfaction with their performance. A study by the AMA* of the problems and practices in the supervision of women on direct production in some outstanding American war plants also bears evidence of successful experience with the use of women on various supervisory levels.

Some of the organizations consulted recruit female supervisors from among their employees with considerable factory experience and operating skill. A number are also hiring young college graduates with a view to their gradual development to supervisory stature. In general, it may be said that where good judgment has been exercised in the selection of the candidates for supervisory positions, and where they have been given pertinent training, they are proving fully as capable as male supervisors in handling female personnel.

On the basis of available information, it is also possible to advance certain points which seem fundamental to the effective development and use of women supervisors:

1. Keen discrimination should be exercised in the selection of women supervisors, to insure that they combine pleasing personality with technical competence. The

* This study will be distributed shortly to production and personnel managers of companies holding company memberships in the American Management Association, and to the official representatives of these companies.

caliber of the first candidates will influence the attitude and receptiveness of management, male supervisors, and the general personnel toward their wider use.

2. In some cases it may be advisable to begin with a program of upgrading women to the lesser supervisory ranks, that is, as assistant supervisors, instructor-supervisors, gang bosses, section heads or group leaders. It is then up to management and the male supervisors to develop these female assistants to their full capacities.
3. Management should investigate the various local agencies—vocational schools, colleges, universities and government-sponsored projects—which are cooperating with industry in the development of courses of study designed to equip women with a more solid background for supervisory assignments. In the case of small companies, the possibility of organizing specialized training courses on a cooperative basis should not be overlooked.
4. The program of in-plant foremanship training for women should parallel that provided for men, with particular emphasis on striking an intelligent balance between instruction in the qualities of leadership and training to develop the proper degree of operating skill. (Women have been found to respond quite admirably to intensive training courses, which should go a long way toward compensating for their shorter record of factory experience.)
5. There must be a clear understanding of the supervisor's responsibility and the extent of authority being delegated to her. This will tend to curb the inclination to by-pass the female supervisor, and she will not find it necessary to emphasize her authority.
6. The female supervisor should be admitted to meetings of supervisory personnel on the same basis as the male of equal rank. She should be encouraged to become more articulate by skilful questioning and by calling upon her for an expression of her views on matters under discussion.
7. Management must back up the female supervisor—indicate its own endorsement of her services—if she is to gain the respect, confidence and cooperation of her male colleagues and of the employees in the ranks.
8. Special attention should be directed toward eliminating or moderating certain unfavorable characteristics attributed to female supervisors. Obviously, some of these criticisms are equally applicable to both sexes. However, male supervisors are taken for granted; the female of the species is still "on trial." She must expend a greater measure of effort in overcoming the tendencies which characterize a poor supervisor.
9. The female supervisor should adopt the advice of one business executive who defines the managerial task as one of "... leading instead of bossing; teaching instead of telling; listening more, talking and arguing less; more frankness, less diplomacy. Start with trust in place of suspicion, understanding instead of logic." She must, in short, develop an objective, professional attitude toward her work, toward herself, and toward her associates.
10. Supervisory jobs are amenable to analysis and simplification. The breaking down of duties and the writing of specifications may open many more supervisory posts to women, and at the same time prove of lasting value to the organization.

A number of organizations engaged in large-scale integration of female employees have found it desirable to engage one or more women as personnel advisers. Their over-all responsibility appears to be that of helping women employees to adjust to their jobs quickly and with a minimum of strain, by assisting them in the solution of their personal problems. The use of employee counselors should never be interpreted to mean that the foreman is thus exempted from responsibility for the human relations angle of super-

visory control. Properly viewed, personnel advisers are specialized representatives of the personnel department, responsible to the head of that department, and employed to facilitate the work of supervisors and to help them to deal with women more capably and with a greater measure of understanding.

For their part, the personnel advisers must bring to their own jobs a thoroughly realistic and practical viewpoint. It is not enough that they should possess insight into human nature and sufficient breadth of experience to enable them to solve the problems of others. They must also have a knowledge of sound personnel policy and practice, and be capable of evaluating the solutions they offer in terms of the latter. There is no quarrel with humanitarian motives of "kindness" and "wanting to do good." The danger lies, rather, in the failure of these counselors to understand or appreciate the needs of industry and the limitations that these requirements impose.

Some companies do not subscribe to the need for personnel "advisers" as such. They have long employed women on the staff of their personnel departments—as personnel directors, personnel assistants, employment managers, employment interviewers. These women are always available to render assistance to the female personnel on problems relating to their work or influencing their performance on the job, and it is felt that carrying this service any further is both impractical and unnecessary.

Retention of Personnel Records

Question: How long should personnel records be kept?

Answer: Standard record retention schedules, such as those prepared by the National Fire Protection Association, do not cover personnel records in general, although they do mention a few of them. The N.F.P.A. schedule includes "contracts and agreements with employees for purchase of securities and documents pertinent thereto" among the items which should be kept seven years after expiration or cancellation, and recommends that records of assignments, garnishments of employee salaries, notices of suits and releases, and related correspondence be kept three years. It also includes a group called "payroll records" and itemizes these as follows:

Payrolls and summaries, authorities for payroll changes, receipted pay checks, receipted time tickets, discharge tickets and other evidence of payments for service. Permanent files.

Comparative or analytical statements of payrolls. Three years.

Applications for payroll changes not authorized, records pertaining to payroll deductions. Optional.

Ralph M. Hower, of the Business Historical Society, in his monograph on the preservation of business records,* recommends that summary payroll figures, comparative turnover figures, and employee magazines or bulletins be included in the minimum schedule for permanent files. He points out, however, that it is necessary to retain summarized information about every phase of personnel work for use in policy determination.

The following personnel record items are included in sample retention schedules in the appendices of the report on *Disposition of Inactive Records* by the Policyholders Service Bureau, Metropolitan Life Insurance Company:

FROM SCHEDULES OF AN ELECTRICAL MANUFACTURING COMPANY

File Six Months (plus current month)

1. Production tickets of factory employees from which punch cards are made, except those covering U. S. Government work.
2. Punch cards for labor distribution, except those covering cards for U. S. Government work.
3. Bonus sheets.

File Four Years

1. Time cards for all employees.
2. Canceled checks for all employees.

File Five Years

1. Accident reports not having release papers attached.
2. Beneficial papers of ex-employees (five years off payroll).
3. Beneficial checks and stubs, except where claims have been allowed.
4. Employment records of ex-office or sales employees off payroll.

File Seven Years (statute of limitations)

1. Payroll summary sheets for hourly-rated and salaried employees.
2. Wage summary cards (Hollerith) summarizing quarterly wages of hourly-rated employees.
3. Wage summary cards for semi-monthly salaried employees.

File—Permanent

1. Accident reports having release slips and beneficial checks attached covering permanent injuries.
2. Accident reports; papers showing receipted release for permanent disability payments.

FROM THE SCHEDULES OF AN OIL COMPANY

Temporary

1. Employees' rosters.

File One Year

1. Employment requisitions.
2. Books and circulars of instruction to employees (one year after expiration or cancellation).
3. Circulars and notices to employees on matters of discipline.

File Two Years

1. Applications for employment and replies thereto not resulting in employment of applicant.

* *The Preservation of Business Records*, The Business Historical Society, Boston, 1940. 56 pages. Gratis.

File Seven Years

1. Efficiency tests.

File—Permanent

1. Applications for employment.
2. Reports and certificates of examinations.
3. Service records.
4. Schedules of working hours.
5. Efficiency records.
6. Photographs and other identification records.
7. Pension records.

Consumers from Missouri

TO the Nazis, it's "ersatz" and has a grim meaning; the North American has a word for it too—alternates—substitute materials used by manufacturers when rubber, strategic metals, oils, etc., can't be obtained for civilian goods. And the advertiser has an important job to do in educating the consumer public to accept and like these substitutes.

A recent investigation made by The Psychological Corporation disclosed that many people are suspicious of the new trend. Trained to coffee in vacuum tins, to bread in gaily patterned wrappers, to ready-to-serve soup in tins, and to certain cosmetics, they're developing some sales resistance to the new order. Of 4,000 persons questioned, 13 per cent believe that the quality of goods will be much poorer; 35 per cent believe that it will be slightly poorer.

On the other hand, 31 per cent believe that quality will be kept up; and 9 per cent—the optimistic souls—cherish the conviction that it will be improved. Twelve per cent had no opinion.

It's the 48 per cent who expect quality standards to fall who merit attention from the advertiser. They're from Missouri, and will have to be shown that, although the product may change, it will still be reliable.

—*Canadian Business* 10/42

Who Buys Life Insurance?

THOSE working in all-out war industries and in general manufacturing are buying life insurance in greatly increasing numbers, according to a survey by the American Service Bureau of Chicago. Industries engaged in production of war material are furnishing 10 per cent of new buyers of life insurance, while other manufacturing industries, the majority of which are contributing to the war effort, are supplying another 14 per cent of all applicants, the Bureau has found.

High on the list both from the standpoint of average insurance applied for and that of average amount owned are executives and owners of textile and leather goods factories. The typical individual in this group applied for insurance of \$8,635 and owned a total of \$54,351. Engineers, executives and owners in the machinery, metals and metal products group showed average insurance applied for of \$8,422; average amount owned, \$20,096. Physicians and surgeons applied for an average of \$7,973 and had an average ownership of \$20,069. Those in the so-called non-gainful occupations—rural and urban housewives, children and students up to 18 years of age—accounted for nearly 25 per cent of the total number of applicants, a new all-time high; and though the average amount applied for was but \$1,116, this constituted the largest numerical group.

The average-size policy was slightly over \$2,000, and excluding children under 18 years of age, one application in 10 was for a policy of \$5,000 or over.

—*The Eastern Underwriter* 10/30/42

Briefer Book Notes

GOVERNMENT CONTRACT PROBLEMS. Leo M. Cherne, Editor-in-Chief. War Economics Division, Research Institute of America, New York, 1942. \$5.00. A compilation of essential data about government buying, government contracts, and the financing of government work, collected from the Research Institute's *Business and Defense Coordinator*. Shows the business man how to sell to the government, which agencies to deal with, what obligations he assumes under the various types of contracts, how to finance the work, and how to comply with all the requirements of his contracts as well as with the laws and regulations affecting his activities.

BARRIERS TO YOUTH EMPLOYMENT. By Paul T. David. Prepared for the American Youth Commission by the American Council on Education, Washington, D. C., 1942. 110 pages. \$1.75. A study of some of the more conspicuous obstacles which frequently seem to stand in the way of young people's employment—e.g., entrance requirements for certain occupations, the practice of seniority, governmental restrictions on child labor and youth employment, and state and federal minimum wage laws.

PSYCHOLOGY APPLIED TO LIFE AND WORK. By Harry Walker Hepner. Prentice-Hall, Inc., New York, 1941. 771 pages. \$5.00. A text devoted to the practical aspects and applications of psychology, based on the author's earlier volume, *Psychology in Modern Business*. This study has been completely revised and enlarged to include a wealth of new material applicable to problems of everyday life as well as business situations. Recommended reading for personnel men and sales managers.

THE ORGANIZATION AND TRAINING OF INDUSTRIAL FIRE BRIGADES. By John C. Klinck. S. C. Toof & Company, Memphis, Tenn., 1942. 119 pages. \$1.00. A text covering a 30-hour course of training in the fundamentals of fire-fighting. Though addressed expressly to public fire department officers who are confronted with the problem of organizing and training private fire brigades in industrial plants and other large buildings, the book should prove helpful to those in industry who bear this responsibility.

INDUSTRIAL CONCENTRATION AND PRICE INFLEXIBILITY. By Alfred C. Neal. American Council on Public Affairs, Washington, D. C., 1942. 173 pages. Cloth, \$3.25; paper, \$2.75. Dealing primarily with the effect of concentrated industrial control upon pricing in the Great Depression, Professor Neal offers some significant findings on price inflexibility and on the relations between industrial concentration and price behavior.

MAKE OR BUY. By James W. Culliton. Bureau of Business Research, Graduate School of Business Administration, Harvard University, Boston, 1942. 130 pages. \$1.50. Here is a blueprint of the questions to be raised and answered by a prime contractor before arriving at a decision whether to manufacture or buy materials, accessory equipment, fabricating parts, and supplies.

CORPORATE CONCENTRATION AND PUBLIC POLICY. By Harry L. Purdy, Martin L. Lindahl and William A. Carter. Prentice-Hall, Inc., New York, 1942. 650 pages. \$4.25. A text devoted to the problems and public policies arising from the concentration of economic power in the United States. The authors have confined the study to monopoly and monopolistic competition in the general field of industry, tracing the developments in a considerable number of industries which have been characterized by concentration and co-operation.

ACCOUNTS RECEIVABLE FINANCING. By Raymond J. Saulnier and Neil H. Jacoby. National Bureau of Economic Research, Inc., New York, 1943. 157 pages. \$1.75. A complete description of a type of financing widely used by American business to satisfy its short-term credit needs. The authors trace the growth of receivables financing, discussing

the credit standards and credit appraisal techniques, the types of business financed, and the cost of funds acquired on this basis. The different financing agencies are dealt with separately.

LABOR'S VOICE IN THE CABINET. By John Lombardi. Columbia University Press, New York, 1942. 370 pages. \$4.00. A history of the Department of Labor from its origin to 1921. Chapters are devoted to its activities in the fields of conciliation, immigration, Americanization, employment service, and child labor. An illuminating section describes the Department's experiences and policies in dealing with labor problems during the first World War.

PUBLICATIONS RECEIVED

Training Employees as Job Instructors. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York. 36 pages. Gratis.

Industrial Inspection Methods. By Leno C. Michelin. Harper & Brothers, New York, 1942. 389 pages. \$3.50.

Business Research Projects: 1942. Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington, D. C., 1942. 188 pages. Free to institutions.

Financing Small Corporations in Five Manufacturing Industries, 1926-36. By Charles L. Merwin. National Bureau of Economic Research, Inc., New York, 1942. 172 pages. \$1.50.

Plastics for Industrial Use: An Engineering Handbook of Materials and Methods. By John Sasso. McGraw-Hill Book Company, Inc., New York, 1942. 229 pages. \$2.50.

Principles of Marketing. By Fred E. Clark and Carrie Patton Clark. The Macmillan Company, New York, 1942. Revised edition. 828 pages. \$4.50.

How to Improve Your Human Relations by Straight Thinking. By William J. Reilly. Harper & Brothers, New York, 1942. 192 pages. \$2.50.

Problems of Shift Rotation: Social and Physiological Aspects. By Beatrice Mintz, M.D. Reprinted from *Industrial Bulletin*, December, 1942. Department of Labor, State of New York, Albany, N. Y. 11 pages. Gratis.

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Fact and Fancy in the T.N.E.C. Monographs: Reviews of the 43 Monographs Issued by the Temporary National Economic Committee. Compiled by John Scoville and Noel Sargent. National Association of Manufacturers, New York, 1942. 812 pages. \$1.75.

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